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Message Text

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64
ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 SIL-01 DODE-00 PM-03 H-02 L-03 NSC-05

PA-02 PRS-01 SP-02 SS-15 USIA-15 /090 W
---------- 070728
R 251655Z JUL 75
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 3206
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY ROME
USMISSION EC BRUSSELS
USMISSION NATO BRUSSELS
USMISSION OECD PARIS
USMISSION GENEVA

UNCLAS LONDON 11454

E.O. 11652: N/A
TAGS: ELAB, UK
SUBJECT: ONE MILLION UK UNEMPLOYED -- BREAKING THE
BARRIER

REF: LONDON 9522 (NOTAL)

SUMMARY: UNEMPLOYMENT IN THE UK HAS REACHED THE HIGHEST
LEVEL FOR THIRTY-SEVEN YEARS. OVER ONE MILLION PEOPLE.OR
4.7 PERCENT OF THE LABOR FORCE, WERE OUT OF WORK ON
JULY 14, WHILE THE LEVEL OF UNFILLED VACANCIES CONTINUED
TO DECLINE SHARPLY. AGAINST THIS BACKGROUND, THE EMPLOY-
MENT SECRETARY MICHAEL FOOT ANNOUNCED TO THE COMMONS
JULY 24 THAT THE GOVERNMENT IS CONSIDERING EMERGENCY
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MEASURES TO CONTROL THE SITUATION. AT THE SAME TIME HE

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WARNED THAT IN THE COMING WEEKS AND MONTHS, THE LEVEL OF UNEMPLOYMENT WAS LIKELY TO GET WORSE, ALTHOUGH HE REJECTED AN OECD PREDICTION THAT IT COULD REACH 1,500,000 BY MID-1976. END SUMMARY.

1. LATEST STATISTICS RELEASED BY THE DEPARTMENT OF EMPLOYMENT SHOW THAT ON JULY 14 TOTAL UNEMPLOYMENT IN THE UK (UNADJUSTED AND INCLUDING SCHOOL LEAVERS AND ADULT STUDENTS) STOOD AT 1,087,869, OR 4.7 PERCENT OF THE LABOR FORCE, AN INCREASE OF 218,041 SINCE JUNE AND OF 486,379, OR 2.1 PERCENT, SINCE JULY 1974. IN GREAT BRITAIN (NORTHERN IRELAND EXCLUDED), THE TOTAL WAS 1,036,344, OR 4.5 PERCENT, AN INCREASE OF 205,022, OR 0.9 PERCENT SINCE JUNE. MUCH OF THIS INCREASE WAS ACCOUNTED FOR BY THE LARGE NUMBERS OF SCHOOL LEAVERS AND ADULT STUDENTS WHO JOINED THE REGISTER. IF THESE GROUPS ARE IGNORED, THE GREAT BRITAIN TOTAL WENT UP BY 79,015 TO 889,121, WHICH SEASONALLY ADJUSTED WAS AN INCREASE OF 74,100 TO 937,800, OR 4.1 PERCENT OF THE LABOR FORCE.

2. THE SEASONALLY ADJUSTED TOTAL, NORMALLY TAKEN AS THE MOST ACCURATE GUIDE TO THE BASIC TREND, HAS INCREASED BY AN AVERAGE OF 59,000 A MONTH IN THE THREE MONTHS TO JULY, COMPARED WITH 47,000 A MONTH IN THE THREE MONTHS TO JUNE AND 37,000 A MONTH UP TO MAY. ON THIS TREND THE ADJUSTED TOTAL OR 'HARD-CORE' UNEMPLOYED WILL EXCEED ONE MILLION IN AUGUST FOR THE FIRST TIME SINCE RECORDS BEGAN. AT THE SAME TIME, THE OVERALL TOTAL OF UNEMPLOYED IS CERTAIN TO INCREASE SUBSTANTIALLY BECAUSE OF THE LARGE NUMBER OF YOUNG PEOPLE DUE TO LEAVE SCHOOL DURING THE COMING MONTH.

3. THE OTHER MAIN INDICATOR OF THE STATE OF THE LABOR MARKET, THE NUMBER OF UNFILLED VACANCIES, UNDERLINED THE SERIOUSNESS OF THE SITUATION. SEASONALLY ADJUSTED, JOBS FOR ADULTS FELL BY 12,600 TO 128,700 OVER THE MONTH TO JULY 9, WHILE ON AVERAGE OVER THE PAST THREE MONTHS THE TOTAL HAS DECREASED BY 15,000 A MONTH. THE ONLY ENCOURAGING ASPECT OF THESE FIGURES IS THAT THE RATE OF DECREASE APPEARS TO BE HOLDING STEADY AND HAS NOT ACCELERATED OVER RECENT MONTHS.
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COMMENT: EACH COUNTRY MAY HAVE A DIFFERENT CONCEPTION OF THE UNEMPLOYMENT DANGER LEVEL -- THE POINT BEYOND WHICH WORKERS STILL ON THE JOB DEVELOP DEEP ANXIETIES ABOUT THEIR FUTURE. IN THE UK THE ONE MILLION MARK HAS BEEN REGARDED FOR SOME TIME AS THE DANGER LEVEL. IT IS TO BE RECALLED THAT CHANCELLOR OF THE EXCHEQUER HEALEY WARNED THAT UNEMPLOYMENT COULD REACH THIS MARK BY THE AUTUMN IF

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INFLATION WERE NOT CONTROLLED, BUT THE LATEST FIGURES SHOW
THAT THE SITUATION HAS DETERIORATED FASTER THAN EXPECTED.
A TUC OFFICIAL TOLD US THAT THESE FIGURES MAY HAVE A
SOBERING EFFECT ON TRADE UNIONISTS, SINCE THEY BRING HOME
THE STARK REALITY OF THE EFFECTS OF HIGH INFLATION. HOW-
EVER, HE IS CONCERNED THAT MANY WORKERS MAY BLAME THE TUC
FOR FAILING TO INSIST ON MEASURES TO STEM THE RISING TIDE
OF UNEMPLOYMENT WHILE ACCEPTING WAGE RESTRAINT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: UNEMPLOYMENT DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 25 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON11454
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750258-0260
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750722/aaaaatmr.tel
Line Count: 124
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 LONDON 9522
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2003 by ThomasVJ>; APPROVED <15 MAR 2004 by ShawDG>
Review Markings:

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US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ONE MILLION UK UNEMPLOYED -- BREAKING THE BARRIER
TAGS: ELAB, UK
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006